

Message Text

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67

ACTION EUR-12

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POUCHED FOR INFO TO ALL AMCONSULS IN CANADA

EO 11652 NA

TAGS ELAB CA

SUBJ TRADE UNIONS REJECT WAGE-PRICE RESTRAINT PROPOSAL

REF OTTAWA 1697

BEGIN UNCLASSIFIED

1. AS ANTICIPATED IN REFTEL, 59 LEADERS OF CANADIAN LABOUR CONGRESS (CLC) AFFILIATED UNIONS UNANIMOUSLY REJECTED GOC WORKING DOCUMENT FOR VOLUNTARY WAGE-PRICE RESTRAINTS AS PRESENTLY CONCEIVED BUT EXPRESSED ORGANIZED LABOR'S WILLINGNESS TO CONTINUE DISCUSSIONS WITH GOC PROVIDING NINE POINT PROPOSAL DRAFTED BY CLC WERE INCLUDED IN RENEWED DIALOGUE.

2. AGAINST INITIAL OPPOSITION OF SEVERAL UNION REPRESENTATIVES AT MAY 7 CONFERENCE, CLC LEADERSHIP ULTIMATELY OBTAINED AGREEMENT ON FOLLOWING NINE POINT PROGRAM THAT WOULD REQUIRE DRASTIC CHANGE IN SOCIAL AND ECONOMIC POLICIES TO ACHIEVE LABOR'S AIM OF BRINGING ABOUT MAJOR SHIFT IN DISTRIBUTION OF INCOME:

A. INCREASE SUPPLY OF HOUSING TO CURB RISING COSTS.

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B. REGULATION OF RENTS "TO CURB GOUGING OF TENANTS".

C. ACTIVE PROGRAM TO CURB LAND SPECULATION.
D. REGULATION OF OIL AND GAS PRICES.
E. INTRODUCTION OF NEGATIVE INCOME TAX OR SOME TYPE OF
TAX CREDIT TO ASSIST THOSE IN LOWER INCOME BRACKET.
F. FULL EMPLOYMENT POLICIES TO REDUCE HIGH UNEMPLOYMENT RATE.
G. "POSITIVE EVIDENCE" THAT PROFESSIONAL FEES WILL BE CONTROLLED.
H. C\$50 PER MONTH INCREASE IN OLD AGE PENSIONS.
I. "DEFINITE GUARANTEE THAT TAX CONCESSIONS FOR
CORPORATIONS WILL BE USED FOR INVESTMENT THEREBY CREATING
JOBS AND NOT END UP IN HIGHER DIVIDEND PAYMENTS."

3. FINANCE MINISTER TURNER'S PROPOSAL THAT LABOR SHOULD
ACCEPT A 12 PERCENT MAXIMUM CEILING ON WAGE ADJUSTMENTS
FOR ONE YEAR WAS IMPLICITLY REJECTED BY CLC IN NOTING
THAT SUCH ACTION WOULD "FREEZE REDUCED BUYING POWER AT
PRESENT LEVELS AND PROVIDE NO MECHANISM TO PROTECT THE
PUBLIC AGAINST RISING COSTS." IN POST CONFERENCE REMARKS
CLC PRESIDENT MORRIS INDICATED THAT QUESTION OF LABOR
ACCEPTING SPECIFIC WAGE RESTRAINT TARGETS NEVER CAME UP
IN HIS DISCUSSIONS WITH MR. TURNER, ADDING THAT "HOW COULD
WE TALK ABOUT FORMULAS WHEN WE DID NOT KNOW WHAT WAS
INVOLVED". END UNCLASSIFIED

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4. COMMENT: IN VIEW OF LABOR'S REJECTION OF GOC
PROPOSALS AND ADVERSE INITIAL REACTION FROM THE
BUSINESS COMMUNITY, IT WOULD APPEAR THAT A NEW APPROACH
TO CURBIN INFLATION PROBLEM WILL HAVE TO BE CONSIDERED.
AS FINANCE MINISTER TURNER RIGHTLY POINTED OUT TO CLC
LEADER WHO TELEPHONED TEXT OF EXECUTIVE COUNCIL
STATEMENT PRIOR TO ITS PUBLIC RELEASE, MANY OF CLC
PROPOSALS COULD NOT BE ACTED UPON BY GOC AS THEY
FALL INTO PROVINCIAL JURISDICTIONS. HIDING HIS "DISCOURAGEMENT"
(PRIVATELY EXPRESSED TO CLC) TURNER WILL NEVERTHELESS PURSUE
HIS SEARCH FOR A VOLUNTARY RESTRAINT POLICY,
AS REFLECTED IN HIS MAY 8 STATEMENT IN PARLIAMENT WHERE
HE ANNOUNCED THAT HE WILL REQUEST A MEETING WITH CLC
LEADERSHIP EARLY NEXT WEEK "TO SEEK FURTHER
CLARIFICATION" OF LABOR'S POSITION.
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